

~~TOP SECRET~~



26 June 1957



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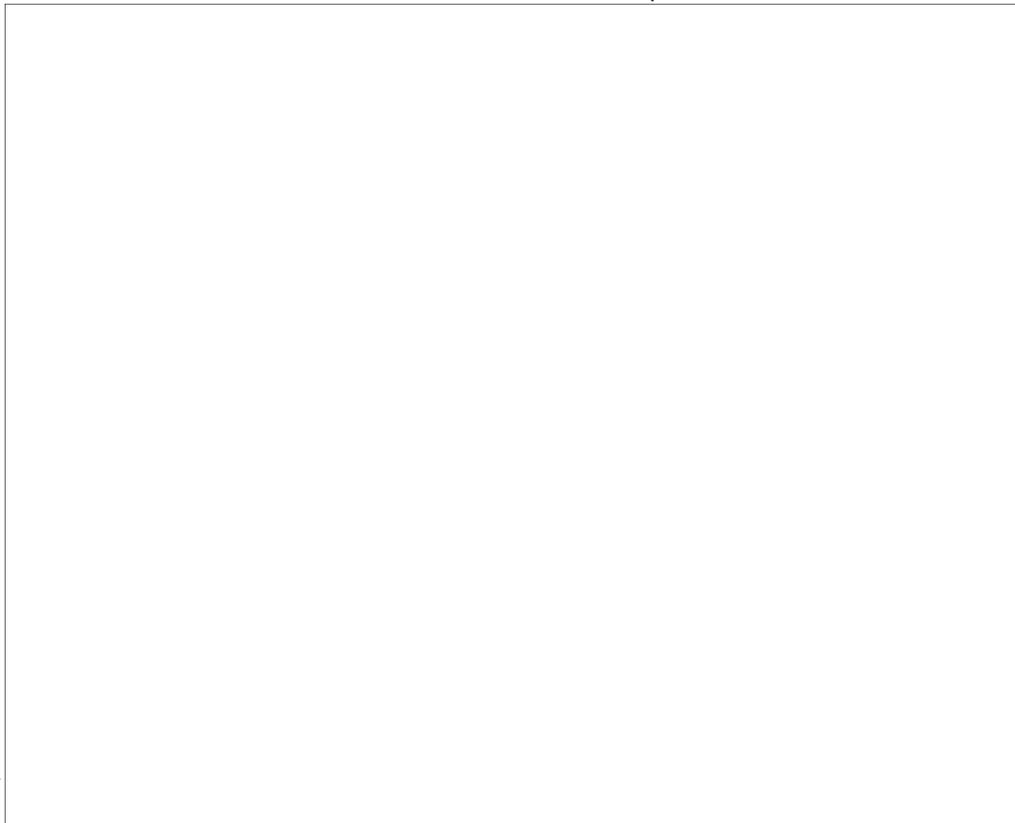
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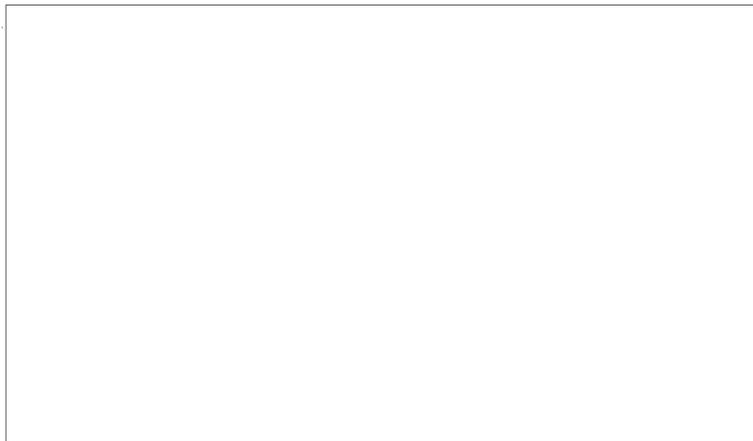
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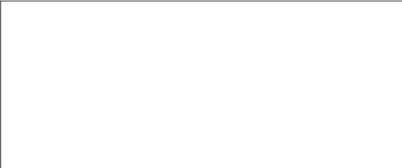
THE TAIWAN STRAIT

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1. JAPANESE PRESS COOL TO KISHI TALKS

Reference:

 The Japanese reaction to the Communiqué issued at the conclusion of Prime Minister Kishi's talks in Washington has been unenthusiastic. The American embassy in Tokyo notes that although Kishi had repeatedly warned the Japanese not to expect much, these warnings apparently had little effect, and editorial comment was quick to criticize what were considered the meager results of the talks.

The Japanese Foreign Ministry, in attempting to counter this criticism, is playing up the agreement to establish an intergovernmental committee on the security treaty, the planned withdrawal of American ground forces, the reaffirmation of Japan's residual sovereignty over the Ryukyus, and the promise to consider Kishi's plan for Southeast Asian economic development.

Socialist critics have declared that Kishi's visit has resulted in Japan's inclusion in the new atomic strategy of the United States and have denounced his failure to obtain abrogation of the security treaty. The most hostile press comment appeared in the major newspaper Asahi, which accused Kishi of "bungling diplomacy and of being taken in by the Americans."

2. CHINESE NATIONALISTS SHAKE UP HIGH COMMAND



President Chiang Kai-shek has ordered a reshuffling of his top military commanders. The former commander in chief of the air force, General Wang Shu-ming, has been appointed to replace General Peng Meng-chi as chief of staff of the Ministry of National Defense, the top military post. General Peng will step down to become army commander. The former army commander, General Huang Chieh, will become personal chief of staff to the president.

Comment

These shifts appear to be routine, since the terms of the military commanders expired last June but were extended for an additional year by executive order of the president.

The appointment of General Wang, who is reported to be close to the generalissimo's son, Chiang Ching-kuo, suggests that Chiang's influence has not been impaired by the 24 May riots. This is also suggested by the retention of a high military post by General Peng, also friendly to Chiang, who reportedly angered the president because of his failure to take prompt action to suppress the riots. These positions take their significance, regardless of title, in accordance with the way the generalissimo determines to use them.

Reports suggest that several civilian officials, including the premier and deputy vice premier, are also to be replaced in the near future. 

3. KING SAUD THREATENS TO CLOSE DAMASCUS EMBASSY

[REDACTED] The denunciation of the joint Saudi-Jordanian communiqué by Syrian minister of state Khalid Azm has brought Saudi Arabia close to breaking diplomatic relations with Syria. [REDACTED]

[REDACTED]

[REDACTED]

Comment

The Syrian and Egyptian regimes have been carrying on an active propaganda campaign to discredit Saud and other Arab leaders who have taken a position opposed to Nasr. They have accused Saudi Arabia, Jordan and Iraq of subservience to the West and of negotiating with Israel for settlement of the Arab refugees on Israeli terms.

4. TITO CONDEMNS ANTI-YUGOSLAV CRITICISM IN THE SOVIET BLOC

Reference:

President Tito's strong condemnation on 25 June of Soviet bloc criticism of the Yugoslav system, coupled with the abrupt cancellation in mid-June of the scheduled visit of Czech premier Siroky to Yugoslavia, suggests that the Moscow-Belgrade dispute continues in spite of Tito's remarks last month that differences had diminished.

In opening the first congress of the Workers' Councils of Yugoslavia, Tito said it is impossible to speak of good relations between Yugoslavia and some members of the Soviet bloc in which only lip service is paid to good relations while party members and the masses are instructed that "Yugoslavia is seething with revisionism, is not socialistic, that it co-operates with the imperialists to the detriment of the socialist countries, and so forth." Pointing specifically to the maliciousness of criticism in connection with the Yugoslav system of "workers' self-management," Tito insisted that "the truth be written" about Yugoslavia.

Recently Pravda published Czech statements implicitly critical of Tito's policies, and an authoritative Soviet journal condemned the Yugoslav concept of workers' councils. Khrushchev's desire to have a "private talk with Tito,"

suggests he may still hope to reach some understanding with Tito on how to deal with the fundamental differences plaguing Yugoslav-Soviet relations.

SUMMARY

13 June - 25 June 1957

THE TAIWAN STRAIT

Report No: 105

Report of the IAC Current Intelligence Group
for the Taiwan Strait Problem

1. Artillery fire by both Communists and Nationalists in the Quemoy area, which has been sporadic during the spring, has greatly increased. The Chinese Communists fired 1,641 rounds on 22 June and more than 9,000 rounds on 24 June, mostly at Little Quemoy.

No clear explanation for the Communist shelling is yet available, but it probably stems from one or more of the following factors:

- a. Retaliation against increased Chinese Nationalist fire and aggressive Nationalist naval activity in the area probably accounts in large measure for the Communist shelling.
- b. A Peiping decision to contest Nationalist assertions that forces on Quemoy will maintain closure of the port at Amoy.
- c. Communist reaction to the American decision to modernize forces in Korea.

Despite continued Communist broadcasts charging the US and Chinese Nationalists with increasing tension in the Taiwan Strait area, there is no information indicating a Communist intention for an early invasion of the Quemoy.

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CORRECTION TO ITEM 5, PAGE 7, OF CURRENT INTELLIGENCE BULLETIN DATED 25 JUNE 1957

The second sentence of the first paragraph should read: "If the Shah refuses to 'reign instead of rule,' the group will create a republic."